



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

August 27, 2007

BY EMAIL & OVERNIGHT DELIVERY

William H. Hyatt, Jr., Esq.
KL Preston Gates Ellis LLP
One Newark Center - 10th floor
Newark, NJ 07102

Re: Lower Passaic River Study Area of the Diamond Alkali Superfund Site
Agreement Under Section 112(h) of CERCLA, Docket No. 02-2004-2011
Contingent Funding Demand

Dear Mr. Hyatt:

Pursuant to Paragraph 13 of the above-referenced Agreement, as amended, the United States Environmental Protection Agency ("EPA") hereby makes a Contingent Funding Demand upon the Settling Parties for \$1,953,200. Pursuant to Paragraph 13 of the Agreement, as amended, payment is due within 30 days of your receipt of this Contingent Funding Demand.

EPA expects to use the funds demanded to perform activities associated with the Remedial Investigation and Feasibility Study ("RI/FS") for the Lower Passaic River Study Area ("LPRSA"), including, but not limited to: completion of the Focused Feasibility Study ("FFS"), preparation of materials for the National Remedy Review Board concerning the potential for an early remedial action at the LPRSA, development of a Proposed Plan and associated public outreach, and potential development of a Record of Decision.

A table is enclosed that summarizes contract expenditures including current obligations and an estimate of required funds. The table does not include certain costs associated with the RI/FS, such as EPA and Department of Justice ("DOJ") payroll, file maintenance by EPA's contractor, travel and indirect charges. These additional EPA costs (but not DOJ costs) are documented in the two enclosed Superfund Cost Recovery Package Imaging and On-line System ("SCORPIOS"), which we provide to you in accordance with Paragraph 14 of the Agreement.

Costs are accounted for by EPA in SCORPIOS by Operable Unit ("OU"). The SCORPIOS Reports include only charges associated with OU 03 and OU 00. EPA tracks costs associated

with the expanded 17-mile LPRSA using the OU 03 account code.¹ OU 00 is the account code that EPA uses for costs that apply to and should be distributed among all four of the OUs, such as financial management, file management and other general administrative work. Accordingly, one quarter of the costs documented in the OU 00 SCORPIOS Report is attributable to OU3.

As set forth in the Agreement, payment should be made by electronic funds transfer ("EFT"). Please note that EPA's account information has changed from that which was set forth in the Agreement. Payment shall be made to EPA by EFT to the Federal Reserve Bank of New York, accompanied by a statement providing the following information:

- (i) Amount of payment
- (ii) Title of Federal Reserve Bank Account to receive the payment: **EPA**
- (iii) Account Code for Federal Reserve Bank Account receiving the payment:
68010727
- (iv) Federal Reserve Bank ABA Routing Number: **021030004**
- (v) Name and address of Settling Party
- (vi) Docket Number **CERCLA-02-2004-2011**
- (viii) Site/Spill Identifier: **02-96**
- (ix) Field Tag 4200 of the Fedwire message: D 68010727 Environmental Protection Agency
- (x) SWIFT address: FRNYUS33
33 Liberty Street
New York, NY 10045

To ensure that a payment is properly recorded, a letter should be sent by Settling Parties to EPA, within one week of the EFT, documenting the EFT to:

Lower Passaic River Remedial Project Manager
Emergency and Remedial Response Division
U.S. Environmental Protection Agency, Region II
290 Broadway - 19th Floor
New York, New York 10007

Mr. Joseph Doogan
U.S. Environmental Protection Agency
26 W Martin Luther King Drive
Cincinnati Finance Center, MS: NWD
Cincinnati, Ohio 45268
E-mail (to both): doogan.joe@epa.gov and AcctsReceivable.CINWD@epa.gov

¹ The other account codes used in SCORPIOS are: OU 01 = 80-120 Lister Avenue, Newark, New Jersey; OU 02 = the pre-expansion six-mile study area of the Lower Passaic River; and OU 04 = the Newark Bay study area.

Diamond Alkali Superfund Site/Lower Passaic River Study Area Attorney
U.S. Environmental Protection Agency, Region II
Office of Regional Counsel, New Jersey Superfund Branch
290 Broadway, 17th Floor
New York, New York 10007

If you have any questions regarding this matter, please contact Sarah Flanagan, of the Office of Regional Counsel, at (212) 637-3136. Thank you for your prompt attention to this matter.

Sincerely yours,

A handwritten signature in cursive script, reading "Raymond Basso".

Raymond Basso
Strategic Integration Manager
Emergency & Remedial Response Division

Enclosures

Lower Passaic River Restoration Project
Summary of EPA Contracting Costs, including Contractor Costs to Date, Obligated Funds and Estimate of Funding Required

	Costs to Date [Aug04-Jun07]	Obligated [Jul-Aug07]	Estimated Funds Required
USACE-KC Contract Administration			
Labor, Overhead & Travel	\$339,200	\$43,600	\$63,500
Sedflume/ERDC reviews	\$125,700	(included in above)	\$22,000
Superfund M&S Fee	\$166,600	\$56,400	\$57,300
SubTotal	\$631,500	\$100,000	\$142,800
MPI Contractor Project Administration			
Project Management/Subcontract Administration	\$2,082,200	\$82,200	\$332,600
Internal Web Site/Data Management	\$452,800	\$900	\$9,000
Technical Support	\$112,700	\$11,700	\$18,900
Fee/Travel Expenses/Overhead	\$589,900	\$187,200	\$193,500
SubTotal	\$3,237,600	\$282,000	\$554,000
MPI Community Relations			
Public Web Site/Mtgs/Fact Sheets/CIP	\$168,200	\$6,700	\$30,000
SubTotal	\$168,200	\$6,700	\$30,000
MPI Work Plans			
WP/FSPs/QAPP/HASP/Modeling Plan	\$856,100	\$200	\$0
SubTotal	\$856,100	\$200	\$0
MPI Risk Assessment			
Risk Assessment	\$244,900	\$0	\$0
SubTotal	\$244,900	\$0	\$0
MPI Sampling/Field Work			
Mobilization/Demobilization/Travel	\$930,600	\$30,700	\$0
Hydrodynamic Sampling	\$255,700	\$0	\$0
Sediment Cores/Water Qual Samples	\$1,830,900	\$84,800	\$0
Biota Sampling	\$0	\$0	\$0
CSO/CPG Sampling Oversight	\$0	\$17,200	\$0
SubTotal	\$3,017,200	\$132,700	\$0
MPI Modeling			
Model Development/Calibration	\$764,300	\$1,300	\$0
Baseline Modeling	\$0	\$0	\$0
SubTotal	\$764,300	\$1,300	\$0
MPI RI Report/Data Evaluation			
Data Evaluation & Validation	\$538,700	\$0	\$0
RI Report	\$0	\$0	\$0
SubTotal	\$538,700	\$0	\$0
MPI Feasibility Study			
Feasibility Study	\$23,300	\$0	\$0
Early Action Evaluation	\$2,083,000	\$153,900	\$1,226,400
SubTotal	\$2,106,300	\$153,900	\$1,226,400
USACE-KC IAG with MPI Contract Total	\$11,564,800	\$676,800	\$1,953,200

As of 8/2/07

**Table of Codes Used by EPA for Billing for Work at or in Connection with
Diamond Alkali Site Lower Passaic River Study Area (OU 00 and OU 03)**

BD	PRP Lead RI/FS
CO	Combined RI/FS
CR	Community Involvement
IJ	Information Management Support
LA	Laboratory Support
LT	Litigation
NG	Negotiations
NS	PRP Search/Case Development
PC	Cost Documentation Preparation
PS	Legal Review and Analysis
SW	Records Management
TG	Technical Assistance Grant